

AGENDA ITEM 6
AUDIT RESOLUTION STATUS – HEALTH PLAN AUDITS
(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)
AS OF DECEMBER 31, 2007

Name of Auditee (Report Issue Date)	Summary of Findings	Status/Comments
Review of Blue Cross of California (7/30/07)	<p>3.1 Blue Cross did not always acknowledge and resolve member appeals within the time frames specified in the Evidence of Coverage document. Only 78 percent were acknowledged within the required 20-day timeframe.</p> <p>5.1 Blue Cross' team of customer service staff are provided formal training; however, out of the transcripts reviewed, eight staff failed in one or more courses in 2006. Retesting is available but Blue Cross does not keep the records of the re-test. In addition not all staff took the required fraud and abuse class.</p> <p>5.2 Utilization management staff took the required Fraud and Abuse class but transcripts did not indicate proficiency. One staff member failed an on-line course and records did not indicate that they completed the course successfully.</p> <p>8.1 Blue Cross has not achieved Utilization Review Accreditation Commission accreditation as required.</p> <p>10.1 Customer service reports are consistent with system generated reports except for two months, but the overall results show that Blue Cross still met the performance requirements. We recommend Blue Cross ensure data reported to CalPERS is consistent with underlying supporting documentation.</p> <p>11.1 We were unable to obtain the system generated reports in support of statistics reported for the response performance measure. The underlying data are only maintained for 180 days.</p>	<p>CONCUR. Blue Cross will acknowledge and resolve appeals within time frame specified in the Plan's Evidence of Coverage booklets.</p> <p>CONCUR. Blue Cross will maintain complete training records, document staff's proficiency for re-tests, and ensure that staff completes the required Fraud and Abuse training.</p> <p>CONCUR. The associate in question has since completed the program. Repeat with a passing grade will be required on all failed classes.</p> <p>CONCUR. Blue Cross is moving towards accreditation and has officially applied for the PPO product. Blue Cross states it has compliant policies already and expects to submit desktop review materials during the fourth quarter 2007.</p> <p>CONCUR. Blue Cross states it now has a process in place to ensure that all the data reported will be consistent with the underlying supporting documentation.</p> <p>CONCUR. Blue Cross has a mechanism in place to maintain the data to support the statistics reported to CalPERS.</p>

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Review of Blue Cross of California (7/30/07) <i>(continued)</i>	<p>12.1 The results for utilization management calls reported to CalPERS is consistent with generated reports except for three months.</p> <p>13.1 We were unable to obtain underlying documents for results reported on demand management telephone call answer times for nine of the 12 months reported in 2006 because these were managed by an outside vendor no longer used.</p> <p>15.1 We reviewed sample cases and information was consistent with underlying documents except for one case. Because this case did not meet requirements Blue Cross is subject to a penalty of approximately \$17,000.</p> <p>17.1 In one month, only nine physician reviewer appeals were audited by an MD peer instead of the required ten. This results in not meeting the Performance Guarantee which is a penalty of approximately \$13,000.</p> <p>20.1 Blue Cross changed its procedures prior to changing its contract regarding Medicare for eligible members' birthdays, but the contract still contains the former procedures.</p> <p>21.1 Blue Cross is required to credit CalPERS for all recoveries or overpayments subject to contract terms. Blue Cross is still working with CalPERS staff to discuss identification of recoveries and overpayments.</p>	<p>CONCUR. Going forward, Blue Cross will ensure that all data reported to CalPERS is consistent with the underlying supporting documentation.</p> <p>CONCUR. Blue Cross will maintain data necessary to allow for audits.</p> <p>CONCUR. Blue Cross will ensure that data reported is consistent with underlying documentation, and will calculate and reimburse CalPERS the amount owed for not meeting this guarantee for one month.</p> <p>CONCUR. Blue Cross will reimburse CalPERS the amount owed. Blue Cross acknowledges delays occurred in performing the reviews but those reviews were subsequently completed.</p> <p>CONCUR. Blue Cross and CalPERS will amend the contract to revise procedures.</p> <p>CONCUR. Blue Cross account management has been working with CalPERS staff to set a time to discuss these reports.</p>

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Review of California Correctional Peace Officers Association (CCPOA) Medical Plan (8/2/07)	<p>2.1 Eligibility reconciliation is performed quarterly, yet procedures state it should be done monthly. Our comparison of enrolled subscribers to CCPOA's union roster for December 2006 revealed 1,146 enrolled subscribers who were not full paying members as required.</p> <p>3.1 The Trust could not provide the first quarter and annual reports for performance measures. Only three of four quarterly reports were obtained. We could not assess the reasonableness of certain performance measures reported only on an annual basis.</p> <p>5.1 Blue Shield of California submits to the Trust a fraud and abuse detection report each contract year. The report submitted on January 22, 2007 reported zero recoveries, yet the special investigations team showed recoveries in the 2nd and 3rd quarters of 2006.</p> <p>10.1 Blue Shield of California's disaster recovery plan was completed three months later than required. The plan included only 4 of the 5 required components. The plan and timeline for re-establishing communication after a disaster was not incorporated in the written plan.</p>	<p>CONCUR. The Trust will establish a method for Health Benefit Officers to contact the Trust telephonically to ensure that individuals attempting to enroll are members of CCPOA.</p> <p>CONCUR. The Trust and Blue Shield of California have been in dialog to ensure that all quarterly and annual reports are submitted on a timely basis.</p> <p>CONCUR. Discussion has been held regarding the inaccurate reporting. The Trust and Blue Shield of California will work to ensure accurate fraud reporting.</p> <p>CONCUR. An updated copy of the disaster recovery plan has been provided to the Trust.</p>